United States of America

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 649

MISHAWAKA RUBBER AND WOOLEN MANUFACTURING COMPANY,
Petitioner,
vs.
S. S. KRESGE COMPANY,
Respondent

RESPONDENT'S PETITION FOR REHEARING AND BRIEF IN SUPPORT THEREOF

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Respondent, S. S. Kresge Company, pursuant to Rule 33 of the Revised Rules of the Supreme Court of the United States, presents this, its petition for a rehearing of the opinion and decision rendered herein on May 4, 1942, for the following reasons:

I.

RESPONDENT HAD THE RIGHT, WITHOUT CROSS-PETITIONING FOR CERTIORARI, TO URGE IN SUPPORT OF THE DECREE HEREIN ANY MATTER APPEARING IN THE RECORD. THE OPINION ERRONEOUSLY ASSUMES AN INFRINGEMENT IN INTERSTATE COMMERCE ENTITLING PETITIONER TO RELIEF UNDER SECTION 19 OF THE TRADE-MARK ACT AND THUS DEPRIVES RESPONDENT OF AN IMPORTANT DEFENSE IN CLAIMING OTHERWISE

Unless Justice Holmes' opinion in *United States Printing Company v. Griggs & Company*, 279 U. S. 156 (1928), is to be overruled and to be disregarded as no longer the law of the land, not every technical infringement of a registered trade-mark may be remedied by resort to Section 19 of the Trade-Mark Act of 1905. No interference with interstate or foreign commerce is alleged, proved or found by either of the lower courts. Kresge's sales of heels were in local trade, not in interstate commerce. No court has ever said otherwise.

May respondent urge this point in support of the decree below from which it has not cross-petitioned for certiorari?

Numerous cases of this Court recognize that right.

In *United States v. American Railroad Express Company*, 265 U. S. 425, the American Railroad Express Company was the respondent in a chancery case. This Court said on page 435:

> "It is true that a party who does not appeal from a final decree of the trial court cannot be heard in opposition thereto when the case is brought here by the appeal of the adverse party. In other words, the appellee may not attack the decree with a view either to enlarging his own rights thereunder or of lessening the rights of his adversary, whether what

> he seeks is to correct an error or to supplement the decree with respect to a matter not dealt with below. *But it is likewise settled that the appellee may, without taking a cross-appeal, urge in support of a decree any matter appearing in the record, although his argument may involve an attack upon the reasoning of the lower court or an insistence upon matter overlooked or ignored by it. By the claims now in question, the American does not attack, in any respect, the decree entered below. It merely asserts additional grounds why the decree should be affirmed. These grounds will be examined.*"

It must be manifest from the foregoing that in the review of chancery cases the respondent who was successful below may urge in support of the lower court's decree any matter appearing in the record or any matter overlooked or ignored by the lower courts.

This right of a respondent has been recognized many times, but is here denied to respondent, S. S. Kresge Company, by this Court's assumption that Section 19 of the Trade-Mark Act extends a remedy for sales of infringing heels in local trade.

In *Story Parchment Company v. Paterson Parchment Paper Company*, 282 U. S. 555, certiorari was granted (a law case). It was said on page 560:

> "Respondents seek to sustain this judgment upon that ground and also upon the additional ground, which the lower court found against them, that there was no evidence of a conspiracy or combination to monopolize interstate trade. Because there was no cross-petition for certiorari, petitioner insists that the additional ground is not open here for consideration. *But respondents do not invoke that ground in order to overthrow the judgment below, but to sustain it; and this they may do. Langnes v. Green*, 282 U. S. 531, 51 S. Ct. 243."

This is likewise the rule in admiralty, see *Langnes v. Green*, 282 U. S. 531, 535, and cases there collected.

In the majority opinion in the case at bar, this Court said:

> "Whether there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark law is therefore not open here. * * * The starting point of the case before us is respondent's infringement of the petitioner's trade-mark in violation of the federal act."

But neither of the lower Courts made any finding justifying any such assumption or "starting point." Neither Court relied upon or attempted to construe Section 19.

In so stating, this Court assumes that sales of replacement heels by the S. S. Kresge Company to its customers in local trade in the State of Michigan or in any other state is an infringement under the Trade-Mark Act of 1905. By this assumption, we submit that this Court is unintentionally precluding respondent from urging defenses to which it is entitled and which it may properly rely upon without taking a cross-appeal under the foregoing authorities.

In making this assumption this Court also unconstitutionally extends the scope of the Trade-Mark Act of 1905 from the field of interstate commerce to the field of local trade. As we have hereinafter developed, the Trade-Mark Act of 1905 provides no remedy for the infringement in local trade of a registered trade-mark. We ask the Court's serious consideration to this point.

II.

THE ASSUMPTION BY THIS COURT THAT RESPONDENT WAS GUILTY OF SUCH AN INFRINGEMENT AS TO ENTITLE THE PETITIONER TO THE REMEDIES PROVIDED BY SECTION 19 OF THE TRADE-MARK ACT RESULTS IN AN UNCONSTITUTIONAL EXTENSION OF THE ACT OF CONGRESS TO INCLUDE LOCAL TRADE AND DISREGARDS FINDINGS OF FACT OF THE LOWER COURT UPON WHICH RESPONDENT HAD A RIGHT TO RELY

We maintain that the Trade-Mark Act of 1905 provides no remedy where the infringement of the trade-mark registered under it is wholly within the limits of a state and does not interfere with interstate or foreign commerce. The history of the act, subsequent judicial construction and the very language used, indicate that it may not constitutionally be extended to embrace local commerce. Such a construction or assumption by this Court is tantamount to an unconstitutional extension of the act.

The power of the Congress to legislate on the subject of trade-marks is derived from the commerce clause of the Constitution. The *Trade-Mark Cases,* 100 U. S. 82, 94; *American Trading Company v. Heacock Company,* 285 U. S. 247, 258.

The first acts of Congress upon the subject of trade-marks were held unconstitutional because by their wording they embraced all commerce and were not limited to "commerce with foreign nations, and among the several states, and with the Indian tribes."

In the *Trade-Mark Cases,* 100 U. S. 82, 96, this Court speaking through Mr. Justice Miller, said:

> "When, therefore, Congress undertakes to enact a law, which can only be valid as a regulation of

> commerce, it is reasonable to expect to find on the face of the law, or from its essential nature, that it is a regulation of commerce with foreign nations, or among the several States, or with the Indian tribes. If not so limited, it is in excess of the power of Congress. If its main purpose be to establish a regulation applicable to all trade, to commerce at all points, especially if it be apparent that it is designed to govern the commerce wholly between citizens of the same State, it is obviously the exercise of a power not confided to Congress."

On page 98 it is said:

> "It has been suggested that if Congress has power to regulate trade-marks used in commerce with foreign nations and among the several States, these statutes shall be held valid in that class of cases, if no further. To this there are two objections: First, the indictments in these cases do not show that the trade-marks which are wrongfully used were trade-marks used in that kind of commerce."

We here call attention to the absence in the record of any allegation or any finding by either Court that the sales by the S. S. Kresge Company which were found to infringe were in interstate commerce. The only sales proved were local over the counter sales of a few heels in local trade.

Following this Court's decision in the Trade-Mark Cases, Congress passed the Act of March 3, 1881, which was limited to commerce with foreign nations and with the Indian tribes.

Speaking of this Act, Chief Justice Fuller in *Warren v. Searle and Hereth Company,* 191 U. S. 195, said at page 204:

> "Obviously the act was passed in view of the decision that the prior act was unconstitutional, and it is, therefore, strictly limited to lawful commerce with foreign nations and with Indian tribes. It is only the trade-mark used in such commerce that is admitted to registry, *and it can only be infringed when used in that commerce, without right, by another than its owner.*"

Again on page 206 Chief Justice Fuller said:

> "And if the presumption of continuing use in such commerce flows from the registry, *nevertheless, to make out infringement, it must appear that the alleged counterfeit or imitation was being used on merchandise intended to be transported to a foreign country or in lawful commercial intercourse with an Indian tribe.*"

The record shows that S. S. Kresge Company does not manufacture or ship these heels in interstate commerce. Its sales are only in local over the counter trade.

In *Ryder v. Holt*, 128 U. S. 525, this Court with reference to the Act of 1881 held that the bill must allege that the trade-mark in controversy was "used on goods intended to be transported to a foreign country."

There is no allegation nor finding nor proof in this record to support a judicial assumption that respondent has been guilty of any infringement either in or interfering with interstate commerce. The accidental and unintentional infringement here attributed to respondent was completely and entirely in local over the counter trade. There can be no claim otherwise. How can it be constitutionally said that the power of Congress extends to such an act? The plain language of the Constitution and of the Trade-Mark Act forbids any such assumption.

In discussing the scope of the Trade-Mark Act of 1905, Mr. Justice Holmes speaking for the Court in *United States Printing Company v. Griggs & Company*, 279 U. S. 156, thought it important to say at page 157:

> "No interference with interstate or foreign commerce is alleged."

That clear and simple statement is equally applicable here. No amount of judicial assumption can supply that which does not here exist.

On page 158 of the same case Mr. Justice Holmes further says:

> "In the Trade Mark Cases, 100 U. S. 82, it was held that the earlier acts attempting to give these unlimited rights were beyond the power of Congress. Soon after that decision, an Act of March 3, 1881, gave remedies for the wrongful use of a registered trade-mark in foreign commerce or commerce with Indian Tribes. It was said that obviously the Act was passed in view of the above mentioned case, that only the trade-mark used in such commerce was admitted to registry and that the registered mark could only be infringed when used in that commerce, *Warren v. Searle & Hereth Co.*, 191 U. S. 195, 204 (see *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90, 99) and the constitutionality of the Act even when so limited was left open. 191 U. S. 206. The Act of 1905 goes a little farther and gives remedies against reproduction &c., of the registered trade-mark 'in commerce among the several States' as well as in commerce with foreign nations, &c., sec. 16, *supra*. A remedy for such infringement was given in *Thaddeus Davids Co. v. Davids Manufacturing Co.*, 233 U. S. 461, see also *American Steel Foundries v. Robertson*, 262 U. S. 209. *Baldwin Co. v. Robertson*, 262 U. S. 168. *But neither authority nor the plain*

words of the Act allow a remedy upon it for infringing a trade mark registered under it, within the limits of a State and not affecting the commerce named."

If as stated above "neither authority nor the plain words of the Act allow a remedy upon it for infringing a trade-mark registered under it, within the limits of a State and not affecting the commerce named," then we submit that this Court may not judicially extend the scope of this Act of Congress beyond its constitutional confines.

This Court's assumption that "there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark Act" is without factual foundation in the record. There is no allegation in the pleadings to support it, there is no finding by either Court to justify it.

Respondent has the right to insist, as it does here, that the power of Congress as drawn from Article 1, Section 8, Clause 3 of the Constitution and as expressed in the Trade-Mark Act of 1905 becomes impotent in local trade.

If as Justice Holmes seems to say, Congress does not have the power to provide a remedy for an infringement wholly and solely in local trade, then this Court has no greater power, see *Erie Railroad Company v. Tompkins*, 304 U. S. 64, 78.

The Opinion Disregards Findings of Fact of the Lower Court Upon Which Respondent Had a Right to Rely

The certiorari in this case was limited and the opinion of this court indicates that questions of fact are not open under the limited certiorari.

But the decision of this court is founded on a new finding of fact by this court which is directly contrary to the findings of fact of the courts below. Furthermore, the new finding of fact in the decision of the court is rested upon material which would not be competent evidence in any court. To base a finding of fact thereon is in effect a subversion and disregard of the established rules of evidence.

All of the evidence taken in this case was by stipulation (R. 116) in the form of affidavits. Not a single witness was sworn and testified in open Court. Petitioner's witnesses consisted in the main of its employees or the employees of its counsel. Respondent's witnesses likewise in the main consisted of its employees. The Circuit Court of Appeals was therefore in as good a position to pass upon the weight of the evidence and the credibility of the witnesses and applicability of the exhibits as was the District Court. It had a right to do so, *Grove Laboratories v. Brewer & Company*, 103 F. (2d) 175.

The Circuit Court of Appeals found:

> "The words or phrases appearing on the respective marks here involved are so essentially dissimilar as to lend no color to deceit and obviously there can be no possibility of any confusion in sound between Ball Band and the words Crusader, Sure-Foot and Ever-Grip, so it is clear that the lettering on the heel is not relevant to the issue here" (R. 160).

"There is no finding of fact in the case at Bar and we find no evidence in the record to support the inference that appellee adopted the symbol used on its heels for the fraudulent purpose of attracting to itself business or sales which belonged to appellant (Mishawaka) *and there is no evidence that any such sales occurred*" (R. 158).

"No justification is found in the record for an inference that anyone appears to have been deceived by appellee's trade mark into purchasing its shoe heels in the belief that he was purchasing shoe heels produced by appellant" (R. 158).

It therefore then decided that there was not such an infringement as to entitle plaintiff to damages or to any greater accounting than ordered by the Trial Court.

In spite of the foregoing finding that "there is no evidence that any such sales occurred" the opinion of this court is nevertheless based upon a new finding of fact (contrary to the findings below) that purchasers *were* deceived and *were* led to believe that the heels offered by defendant were those of plaintiff (although plaintiff has neither manufactured nor offered for sale a replacement heel). The basis for this finding of fact given in the opinion of this court is:

1. "The ordinary purchaser having become familiar with the plaintiff's trade mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." But this was curtailed by amendment in the amended findings. See par. (h), R. 129:

"There is, however, in the record no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company."

2. "The District Court found that there was 'a *reasonable likelihood*' that some purchases might have been induced by the purchaser's belief that he was obtaining petitioner's product."

That is to say, as to par. 1, this court chooses to reverse the findings of fact of the Circuit Court of Appeals and substitute therefor its own guess that some purchasers *were* in fact familiar with the product of the plaintiff and that they *were* in fact led to believe that the heels were plaintiff's.

And as to par. 2, the probative effect of that as evidence in our jurisprudence is so evidently nil as to amount to an absurdity. Reasonable likelihood that a thing might have been, is about as tenuous a guessing contest as it is possible to conceive. In the English language the degrees of force would be in growing sequence:

1. There is no likelihood it might have been.
2. There is some likelihood it might have been.
3. There is great likelihood it might have been.
4. It might have been.

It is flying in the face of all the traditions of our jurisprudence and all rules of evidence to consider that any man anywhere is guilty of anything, anytime, because "it might have been," let alone the attenuated solution of nothing involved in the phrase, "There is a reasonable likelihood that it might have been."

The only finding of fact that this court has shown great regard for is a statement in the original findings of fact of the trial court (before the voluminous amendments were made, and one year before entry of the decree which followed the amendments) that the heels sold by the respond-

ent were inferior in quality to those made by the petitioner, and that this tended to destroy good will. That this finding of fact is itself unsupported by evidence can be seen by a glance at the record. All the evidence *is in the* record. There was no oral testimony. All the proofs were in the form of affidavits.

The Bryan and Keene affidavits (R. 65-66) upon which this finding is based is not competent evidence in any court because the experiment described was not under control in any direction. It was not competent evidence to prove that one heel wore longer than the other. Everything in the affidavit could be true and in a half a dozen different ways one could control the results as he chose. And even if it had had any tendency to prove that one heel wore longer than the other, that would not be evidence that the defendant's heels were superior. The one most essential quality in a rubber heel and the primary reason for its existence is resiliency. Resiliency is associated with softness not with hardness; and longer wear is evidence of hardness. A steel heel would wear longer than any rubber heel. And hardness in a rubber heel *is* inferiority, not superiority.

Yet this particular "finding of fact" is followed by this Court on the plea that questions of fact are not open on appeal and yet the finding of fact by the lower Courts that there were no sales of heels which were due to the technical infringement by defendant, is reversed and made the basis of the opinion of the court.

III.

BEFORE A DEFENDANT CAN BE MADE TO RESPOND IN DAMAGES OR AN ACCOUNTING UNDER THE TRADE-MARK ACT, IT MUST BY THE PLAIN WORDING THEREOF, "HAVE USED SUCH COLORABLE IMITATION IN COMMERCE AMONG THE SEVERAL STATES." THE VERY LANGUAGE USED EXCLUDES LOCAL TRADE

As Justice Holmes indicated in the case quoted from above, the plain words of the Act do not embrace infringement in local trade. The object of the Act is thus stated to be:

> "An Act to authorize the registration of trade-marks used in commerce with foreign nations, or among the several states, or with Indian tribes and to protect the same."

Section 16 employs the same confining limitation:

> "Any person who shall * * * colorably imitate any such trade-mark * * * and shall use, or shall have used, such * * * colorable imitation in commerce among the several states, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner."

In view of the wording of Section 16 and the constitutional limitations on the power of Congress with respect to the entire Trade-Mark Act, it is most difficult to comprehend upon what theory federal power can extend to cover the local trade of respondent, S. S. Kresge Company. The majority opinion recites:

> "If the petitioner suffered damages beyond the loss of profits, the decree should provide for assessment of such damages."

In the first place, there is in the record no proof of any such damage. In the second place, under Section 16 of the Act it is necessary that the defendant "shall have used such colorable imitation in commerce among the several states." We here desire to emphasize again there is no allegation nor finding by either of the lower courts that the respondent, S. S. Kresge Company, "has used such colorable imitation in commerce among the several states."

The same constitutional limitations are applicable to Section 19, for Article 1, Section 8, Clause 3 of the Constitution is itself a limited grant of power which neither Congress nor this Court can constitutionally exceed, and thus deprive respondent of its right to rely upon and to urge local decisional law to support its contention that an accounting under the circumstances here found would be unjust and inequitable.

There is no allegation in petitioner's pleadings nor is there any finding by either of the lower Courts that respondent's retail sales of the Crusader replacement heels or the Surefoot replacement heels in the color red were either in interstate commerce or interfered therewith.

The O'Sullivan Rubber Company, Inc., of New York City and Gettysburg, Pennsylvania, the Essex Rubber Company of Trenton, New Jersey, and the Boston Woven Hose & Rubber Company of Boston, Massachusetts, constitute the sole sources of supply of heels purchased by respondent for resale at retail (R. 88).

The replacement heels are shipped by these concerns to respondent's stores from where they are displayed on its counters and sold to the public (R. 104-112) for its use either in repair or in replacement.

We submit that when a clerk in a local store in Michigan or in any other state sells a pair of replacement heels to

a member of the public for ten cents, places them in a bag and delivers them over the counter to the customer who goes about his business, such a transaction is a local transaction. It is not one engaged in interstate commerce, and any tort thereby committed is a local tort. That this same transaction may be repeated in another state in another store does not make it a matter of national concern, the transaction still remains a local transaction in intra-state commerce in some other state.

Respondent's technical infringement did not occur until it sold at retail the replacement heels which were manufactured and shipped to it by another. In view of the foregoing discussion it is difficult to believe that its sales were in interstate commerce or materially interfered therewith, and therefore we submit that neither Section 19 or Section 16 of the Trade-Mark Act is applicable to its sales nor to any accounting of profits or damages thereon.

IV.

UNDER BOTH MICHIGAN AND FEDERAL DECISIONAL LAW NO ACCOUNTING SHOULD HAVE BEEN ORDERED AT ALL

If as we have demonstrated above, the remedies of Section 16 and Section 19 of the Trade-Mark Act are not here available because there has been no infringement in or affecting interstate commerce, then of course, the decisional law is alone applicable.

It so happens that Michigan and Federal rules are parallel.

> "The purpose is thus to provide just compensation for the wrong, not to impose a penalty by giving to the copywrite proprietor profits which are not attributable to the infringement." *Sheldon v.*

Metropolitan Goldwyn Pictures Corp., 309 U. S. 390, 399.

In *Oil Corporation v. Crowley-Milner & Company*, 270 Mich. 187, 193, it is said:

> "'There is some conflict in the decisions; but we think that the weight of modern authority is in favor of the rule that an account of profits will not be taken where the wrongful use of a trade-mark or a trade-name has been merely accidental or without any actual wrongful intent to defraud a plaintiff, or to deceive the public.'"

In *Straus v. Notaseme Hosiery Co.*, 240 U. S. 179 (36 Sup. Ct. 288), Justice Holmes said:

> "The question remains whether the petitioners' sales probably were induced to any large extent by confusion in the mind of the public between the petitioners' goods and the plaintiff's. The goods were different in character, were called by a different name, were sold mainly in different places and by parties not likely to be mistaken for each other. The petitioners had advertised them as Irontex since April, 1908. Their business was that of retailers in the city of New York, where they were widely known. The Notaseme Company's business was wholesale, from Philadelphia, starting with New England and the South. *So far as purchasers bought* because the petitioners recommended the goods, or on the strength of the name, by whatever recommended, as distinguished from the colors and figures of the label, or from knowledge of the specific article, or from preference for full fashioned over seamless hose, or *for any reason but the inducement of the red square, bar, and script supposed to indicate the plaintiff's hose, the plaintiff has no claim on the petitioners' profits.* (Italics ours.)

> "There is some indication that the plaintiff's business was mainly in hosiery for men, while Macy & Company's was more than three-quarters for women and children. That the name, which the defendants do not imitate, but, on the contrary, exclude by using another wholly unlike it, was thought more important by the plaintiff than it now is willing to admit, is shown not only by the use of it upon the trade-mark proper, but by the adoption of a new name for the plaintiff company to conform to it. Taking all these considerations into account coupled with the absence of evidence that any deceit or substitution was accomplished in fact, we find it impossible to believe that any considerable part of the petitioner's business was due to their goods being supposed to be the plaintiff's hose. The petitioners properly were enjoined from further use of the mark in controversy, but, so far as the decree charged them with profits, it is reversed."

See also *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42, where under similar circumstances an accounting was refused.

We paraphrase Justice Holmes' opinion in *Straus v. Notaseme Hosiery Company* and apply it to our case, respondent may not be charged with profits if it appears that the original imitation was unintentional, that no deceit or substitution of goods was accomplished in fact, and that no considerable part of the business was due to his goods being supposed to be those of the earlier user of a design.

We submit that this Court is unconstitutionally extending the scope of the Trade-Mark Act into the field of local trade by its unwarranted assumption "that there was such an infringement as to entitle the petitioner to the remedies provided by the Federal Trade-Mark laws." We also submit that it is departing from equitable principles heretofore applied by it speaking through Justice Holmes in

Straus v. Notaseme Hosiery Company and through former Chief Justice Hughes in *Sheldon v. Metro-Goldwyn Pictures Corp., supra,* for the result of its decision here is to make an accounting of profits follow every technical and innocent infringement as a matter of course without regard to the equities of the situation or to the existence or non-existence of actual deception.

RELIEF ASKED

We ask that the Court grant a rehearing herein and that upon the rehearing it give due consideration to respondent's right to argue in its defense that there was not such an infringement here as to call into operation Section 19 of the Trade-Mark Act and "to entitle petitioner to the remedies provided by the Federal Trade-Mark Law."

Respectfully submitted,

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CERTIFICATE OF COUNSEL

Pursuant to Rule 33 of the Revised Rules of the Supreme Court of the United States, I, William B. Giles, as an officer of such Court, do hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay.

Dated at Detroit, Michigan, this 28th day of May, A. D. 1942.

WILLIAM B. GILES,
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2533 Barlum Tower,
Detroit, Michigan.

P. 3

SUPREME COURT OF THE UNITED STATES.

No. 649.—October Term, 1941.

Mishawaka Rubber and Woolen Manufacturing Company, Petitioner, vs. S. S. Kresge Company. } On Writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

[May 4, 1942.]

Mr. Justice Frankfurter delivered the opinion of the Court.

The petitioner, which manufactures and sells shoes and rubber heels, employs a trade-mark, registered under the Trade-Mark Act of 1905, 33 Stat. 724, 15 U. S. C. § 81 *et seq.*, consisting of a red circular plug embedded in the center of a heel. The heels were not sold separately, but were attached to shoes made by the petitioner. It has spent considerable sums of money in seeking to gain the favor of the consuming public by promoting the mark as assurance of a desirable product. The respondent sold heels not made by the petitioner but bearing a mark described by the District Court as "a circular plug of red or reddish color so closely resembling that of the plaintiff [petitioner] that it is difficult to distinguish the products sold by the defendant from the plaintiff's products." The heels sold by the respondent were inferior in quality to those made by the petitioner, and "this tended to destroy the good will created by the plaintiff in the manufacture of its superior product." Although there was no evidence that particular purchasers were actually deceived into believing that the heels sold by the respondent were manufactured by the petitioner, the District Court found that there was a "reasonable likelihood" that some purchases might have been induced by the purchaser's belief that he was obtaining the petitioner's product. "The ordinary purchaser, having become familiar with the plaintiff's trade-mark, would naturally be led to believe that the heels marketed by the defendant were the product of the plaintiff company." Concluding that the petitioner's mark had thus been infringed, the Court enjoined future infringement and also ordered that the respondent account to the petitioner for profits made from sales "to purchasers who

were induced to buy because they believed the heels to be those of plaintiff and which sales plaintiff would otherwise have made."

Complaining of this criterion for determining the profits that improperly accrued to the respondent by reason of the infringement, the petitioner appealed to the Circuit Court of Appeals for the Sixth Circuit, which affirmed the decree. 119 F. 2d 316. Deeming the matter to present an important question under the Trade-Mark Act, we brought the case here, 315 U. S. —, solely to review the provisions of the decree dealing with the measure of profits and damages for the infringement found by the two lower courts. Whether there was such an infringement as to entitle the petitioner to the remedies provided by the federal trade-mark laws is therefore not open here.

The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. And in this case we are called upon to ascertain the extent of the redress afforded for infringement of a mark registered under the Trade-Mark Act of 1905.

The "right to be protected against an unwarranted use of the registered mark has been made a statutory right" by that Act. *Thaddeus Davids Co* v. *Davids*, 233 U. S. 461, 471. Section 19 of the Act provides that "upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction . . . .; and in assessing profits the plaintiff shall be required to prove defendant's sales only;

defendant must prove all elements of cost which are claimed."[1] 33 Stat. 724, 729; 15 U. S. C. § 99. Infringement and damage having been found, the Act requires the trade-mark owner to prove only the sales of articles bearing the infringing mark. Although the award of profits is designed to make the plaintiff whole for losses which the infringer has caused by taking what did not belong to him, Congress did not put upon the despoiled the burden—as often as not impossible to sustain—of showing that but for the defendant's unlawful use of the mark, particular customers would have purchased the plaintiff's goods.

If it can be shown that the infringement had no relation to profits made by the defendant, that some purchasers bought goods bearing the infringing mark because of the defendant's recommendation or his reputation or for any reason other than a response to the diffused appeal of the plaintiff's symbol, the burden of showing this is upon the poacher. The plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark. Cf. *Straus* v. *Notaseme Co.*, 240 U. S. 179, 183; compare *Sheldon* v. *Metro-Goldwyn Corp.*, 309 U. S. 390; *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U. S. 604. The burden is the infringer's to prove that his infringement had no cash value in sales made by him. If he does not do so, the profits made on sales of goods bearing the infringing mark properly belong to the owner of the mark. *Hamilton-Brown Shoe Co.* v. *Wolf Bros.*, 240 U. S. 251. There may well be a windfall to the trade-mark owner where it is impossible to isolate the profits which are attributable to the use of the infringing mark. But to hold otherwise would give the windfall to the wrongdoer. In the absence of his proving the contrary, it promotes honesty and comports with experience to assume that the wrongdoer who makes profits from the sales of goods bearing a mark belonging to another was enabled to do so

[1] The committee reports upon the bill which became the 1905 Act make these observations on § 19: "By section 19 provision is made for proceedings in equity against the infringer of a registered trade-mark. This section corresponds in terms with section 4921 of the Revised Statutes relating to patent cases, except that it specially provides the manner in which profits shall be ascertained. Under existing rules it is necessary for the complainant to prove sales and costs with entire and absolute accuracy. The only persons having knowledge of making the sales are the defendant or some one in his employ. It has seemed, therefore, only fair and just that if the complainant proves the sales, the defendant should be required to produce evidence of the expenses he was put to in making such sales as an offset against the sales proven by the complainant." Sen. Rep. No. 3278, 58th Cong., 3d Sess., p. 10; H. Rep. No. 3147, 58th Cong., 3d Sess., p. 9.

because he was drawing upon the good will generated by that mark. And one who makes profits derived from the unlawful appropriation of a mark belonging to another cannot relieve himself of his obligation to restore the profits to their rightful owner merely by showing that the latter did not choose to use the mark in the particular manner employed by the wrongdoer.

The starting point of the case before us is respondent's infringement of the petitioner's trade-mark in violation of the federal Act. The decree is assailed by the petitioner because, upon its reading of the decree, it is awarded only those profits which it can affirmatively prove to have resulted from sales "to purchasers who were induced to buy because they believed the heels to be those of plaintiff, and which sales plaintiff would otherwise have made." We are not prepared to say that such is not a sensible reading of the language in which the decree was cast, the purpose of which was to recover profits that came to the respondent through its infringement and that in good conscience belong to the petitioner. The decree in effect requires the petitioner to prove by a procession of witnesses that when they bought heels from the infringer they had a clear, well-focussed consciousness that they were buying the petitioner's heels and that otherwise they would not have bought them. But the shoe is on the other foot. The creation of a market through an established symbol implies that people float on a psychological current engendered by the various advertising devices which give a trade-mark its potency. It is that which the Trade-Mark Act of 1905 protects. We therefore vacate the decree in order that the cause be remanded to the District Court for the entry of a decree in conformity with this opinion. If the petitioner suffered damages beyond the loss of profits the decree should provide for the assessment of such damages.

Reversed.

The CHIEF JUSTICE and MR. JUSTICE ROBERTS took no part in the consideration or decision of this case.

A true copy.

Test:

Clerk, Supreme Court, U. S.

SUPREME COURT OF THE UNITED STATES.

No. 649.—October Term, 1941.

Mishawaka Rubber and Woolen Manufacturing Company, Petitioner, vs. S. S. Kresge Company.	On Writ of Certiorari to the United States Circuit Court of Appeals for the Sixth Circuit.

[May 4, 1942.]

Mr. Justice Black, dissenting, with whom Mr. Justice Douglas and Mr. Justice Murphy concur.

Mishawaka does not sell detached rubber heels. The heels bearing its mark are attached to the rubber boots and shoes it manufactures, and reach the market only as parts of these larger products. Kresge, on the other hand, sells in its retail stores detached rubber heels manufactured by others. Hence, like the courts below, I find it difficult to conclude that there were substantial probabilities of deception and that Kresge's sales took away business that might otherwise have gone to Mishawaka. In any event, the economic rivalry, if it existed at all, was so remote and indirect that an injunction alone would seem to have afforded ample relief against the infringement, found by both courts below to have been without fraudulent intent.

Moreover, upon the extensive evidence introduced by both parties, the trial court concluded that there was "no direct proof of any ordinary purchaser being misled into believing that heels marketed by the defendant were products of the plaintiff company." The Circuit Court of Appeals reached a similar conclusion: "No justification is found in the record for an inference that any one appears to have been deceived by appellee's trade-mark into purchasing its shoe heels and lifts in the belief that he was purchasing shoe heels produced by appellant." 119 F. 2d 316, 324.

If the respondent had wilfully palmed off the heels it sold as products of the petitioner, and if it had been shown that the peti-

tioner had suffered any injury, I should agree to a decision resolving doubts about the measure of damages in favor of the petitioner. But under the circumstances of this case, I believe the effect of the decision handed down is to grant a windfall to the petitioner and to impose a penalty upon the respondent, neither of which is deserved. Finding nothing in the Trade-Mark Act of 1905 which compels such a result, I can see no abuse of discretion in the decree of the trial court which the Circuit Court of Appeals affirmed. *Saxlehner* v. *Siegel-Cooper Co.*, 179 U. S. 42. Cf. *Straus* v. *Notaseme Co.*, 240 U. S. 179, 182-183.